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1952

For Release

FRIDAY, AUGUST 1, 1952

Annual Report



AUG 1 1952

THE DOW CHEMICAL COMPANY



Portion of a new vinyltoluene plant under construction at our Midland Division

1952

Annual Report



THE DOW CHEMICAL COMPANY

Contents

The President's Letter	3
Operations at a Glance	4
Report to the Stockholders	5
Independent Auditors' Report	21
Consolidated Balance Sheet	22
Statement of Earnings	24
Notes to Financial Statements	24
Statements of Surplus	25
Condensed 10-Year Statement of Financial Condition	26
Condensed 10-Year Statement of Earnings	27

The annual meeting of stockholders will be held on Wednesday, August 27, 1952, at two o'clock in the afternoon (Eastern Standard Time) at the auditorium of Midland Senior High School, Rodd and Reardon Streets, in Midland, Michigan. A formal notice of the meeting, together with a proxy statement and form of proxy, is being mailed to each holder of common stock separately from but concurrently with this report.

DIRECTORS

CARL E. ALLEN
E. O. BARSTOW
EARL W. BENNETT
A. P. BEUTEL
R. H. BOUNDY
CALVIN A. CAMPBELL
R. L. CURTIS
LELAND I. DOAN
ALDEN B. DOW
CARL A. GERSTACKER
N. D. GRISWOLD
MARK E. PUTNAM
C. J. STROSACKER
W. R. VEAZEY

OFFICERS AND ASSISTANT OFFICERS

Chairman of the Board and Vice President
EARL W. BENNETT

President
LELAND I. DOAN

Executive Vice President
MARK E. PUTNAM

Vice President
E. O. BARSTOW

Vice President
C. J. STROSACKER

*Vice President, Assistant Secretary, and
General Manager Texas Division*
A. P. BEUTEL

*Vice President, Assistant Secretary, and
General Manager Western Division*
R. L. CURTIS

Vice President, Secretary and General Counsel
CALVIN A. CAMPBELL

Treasurer
CARL A. GERSTACKER

Assistant Treasurer and Assistant Secretary
FRED H. BROWN

Assistant Secretary
R. B. BENNETT

Auditor
CHARLES PENHALIGEN

EXECUTIVE COMMITTEE

LELAND I. DOAN *Chairman*
E. O. BARSTOW
EARL W. BENNETT
MARK E. PUTNAM
C. J. STROSACKER

FINANCE COMMITTEE

EARL W. BENNETT *Chairman*
FRED H. BROWN
CALVIN A. CAMPBELL
CARL A. GERSTACKER
H. S. KENDALL
CHARLES PENHALIGEN

COMMON STOCK

Transfer Agents
THE CLEVELAND TRUST COMPANY
GUARANTY TRUST COMPANY OF NEW YORK
Registrars
THE NATIONAL CITY BANK OF CLEVELAND
THE NEW YORK TRUST COMPANY

PREFERRED STOCK

Transfer Agents
THE CLEVELAND TRUST COMPANY
THE NATIONAL CITY BANK OF NEW YORK
Registrars
THE NATIONAL CITY BANK OF CLEVELAND
GUARANTY TRUST COMPANY OF NEW YORK

Dow's Directors



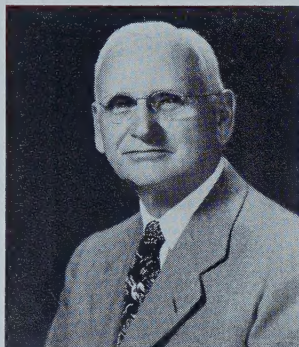
EARL W. BENNETT
Chairman of the Board
52 years service



LELAND I. DOAN
President
35 years service



CARL E. ALLEN
Director
Elected 1952



E. O. BARSTOW
Vice President
52 years service



A. P. BEUTEL
*General Manager
Texas Division*
36 years service



R. H. BOUNDY
Director of Research
26 years service



CALVIN A. CAMPBELL
General Counsel
17 years service



R. L. CURTIS
*General Manager
Western Division*
30 years service



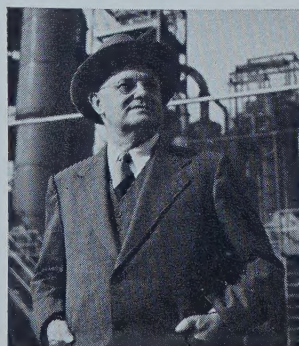
ALDEN B. DOW
Director
11 years service



CARL A. GERSTACKER
Treasurer
14 years service



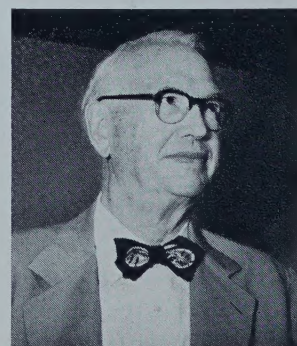
N. D. GRISWOLD
*Assistant General Manager
Texas Division*
25 years service



MARK E. PUTNAM
Executive Vice President
37 years service



C. J. STROSACKER
Vice President
44 years service



W. R. VEAZEY
Research Consultant
36 years service

The President's Letter

July 25, 1952

To The Stockholders:

We present herewith our 55th annual report, covering operations of The Dow Chemical Company, its subsidiaries and associated companies for the fiscal year ended May 31, 1952.

As you will discover from other sections of this report, this has been a year of exceptionally rapid expansion for us, and we further foresee substantial expenditures for new facilities during the present fiscal year and probably at least through fiscal 1954.

At the same time it will be noted that while sales showed a substantial increase they fell considerably short of our earlier expectations as a result of a softness in certain markets in the latter six months of the year. While our earnings before tax were approximately the same as last year, taxes this year took 67 per cent of our earnings, leaving us with earnings after tax 12 per cent less than those of last year.

I mention these things because of questions that might be in the minds of some stockholders regarding our continued expansion in the face of currently soft markets. In this regard I would like to point out that our management is by no means unmindful of the ever changing market situations, and it is entirely possible that business conditions may alter some of our current plans. We are, however, looking primarily to the long range, rather than the immediate situation. We have a solid foundation in basic products and are continuing to diversify our line, which offers us a considerable degree of overall protection against fluctuation in demand in particular lines.

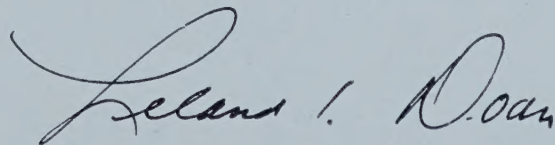
The Company has received Certificates of Necessity covering emergency facilities which the Company has constructed or intends to construct totaling ap-

proximately \$265,000,000. These Certificates entitle the Company to take five-year depreciation on approximately \$145,000,000 of such amount. The Company has also received Certificates of Necessity covering other emergency facilities totaling approximately \$36,000,000, upon which the Company may or may not begin construction within the next six months. These Certificates entitle the Company to take five year depreciation on approximately \$19,000,000 of such amount. Applications covering additional emergency facilities in the amount of \$25,000,000 are still pending.

I should also like to call your attention to the fact that on July 1 of this year the membership of your Board of Directors was increased from 13 to 14, and Mr. Carl E. Allen of Muskegon, Michigan, was elected to the Board. Mr. Allen has been favorably known to Dow management for a great many years. He is the president of a large foundry company, and brings to us not only a well-rounded industrial knowledge but a high degree of financial experience through more than 20 years association with the National City Bank of New York.

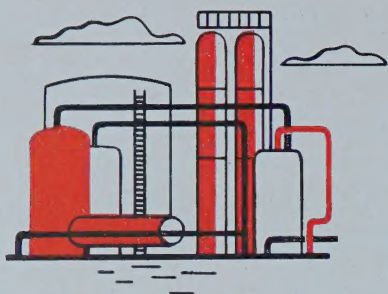
Your attention is again called to the fact that a proposal will be introduced at the annual meeting which would increase the number of authorized common shares to permit a three-for-one split of the common stock. Your Board of Directors recommends the adoption of this proposal.

Sincerely,



LELAND I. DOAN
President

DOW'S OPERATIONS AT A GLANCE



	1952	1951	% Increase (Decrease)
Net Sales	\$407,158,799	\$339,588,268	20
Total Income	414,418,363	345,302,819	20
United States and Canadian Taxes on Income	73,700,000	69,000,000	7
Net Earnings	35,818,010	40,534,744	(12)
Dividends—Preferred Stock	1,267,632	1,390,294	(9)
Net Earnings Applicable to Common Stock	34,550,378	39,144,450	(12)
Earnings per Share—Common Stock	4.96	6.00	(17)
Cash Dividends Declared—Common Stock	16,258,351	15,232,730	7
Stockholders' Interest	289,169,447	253,988,705	14
Shares of Common Stock Outstanding	6,961,203	6,530,516	7
Stockholders—Preferred and Common	32,732	27,184	20

During both the 1952 and 1951 fiscal years the Company distributed Common Stock to its stockholders in the ratio of one share for each forty shares held.



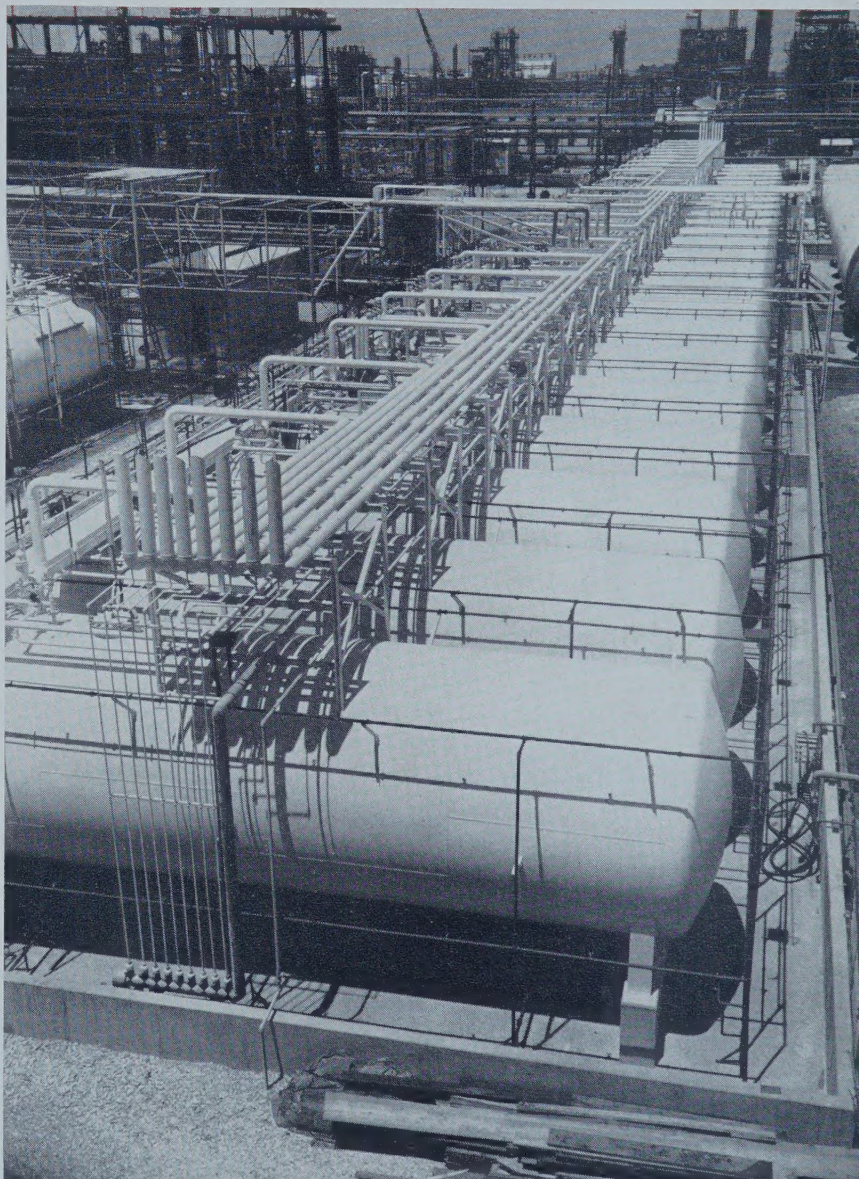
Sales

For the chemical industry generally, and for us as well, this has been a year in which supply has caught up with demand. Shortages in certain lines, which developed after the outbreak of the Korean conflict, have been alleviated, and there was a notable softening in some markets, particularly during the last quarter of our fiscal year. Chemicals and plastics are currently in long supply due to a number of factors including normal summer declines.

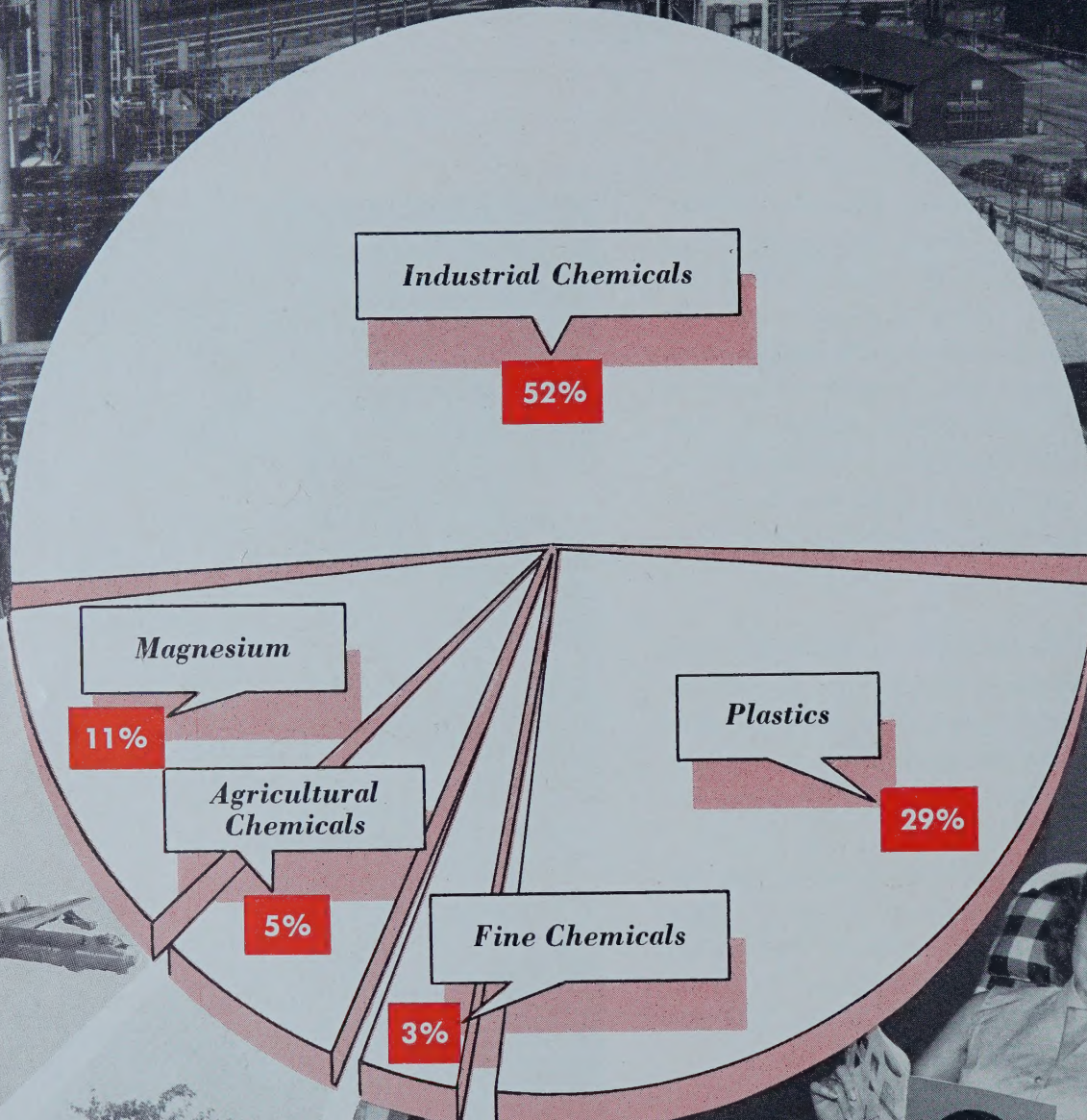
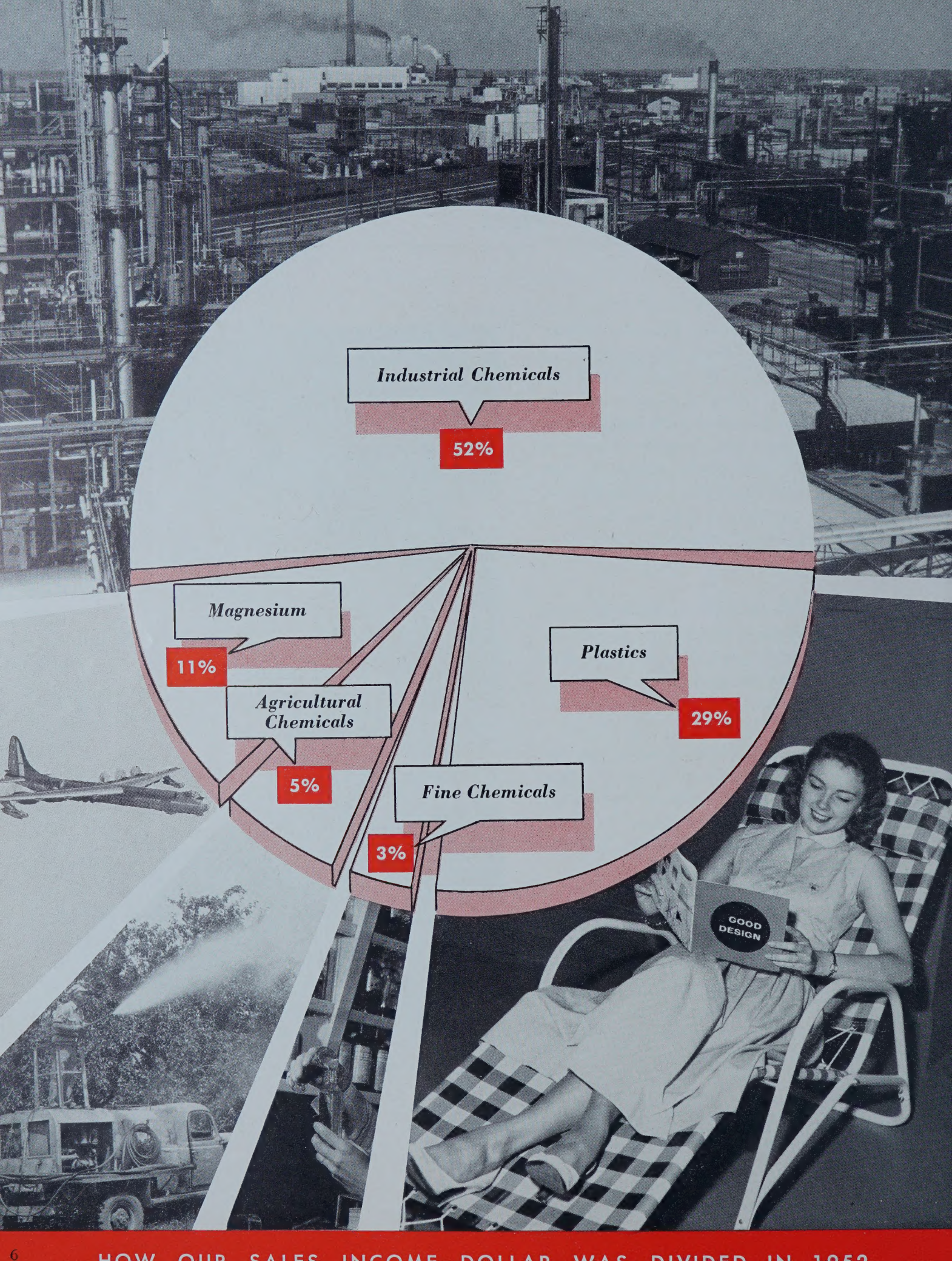
The fact that we are in the market with a wide variety of products has proven a point of strength, for while demand has suffered rather seriously in some directions it has continued to increase in others.

Generally speaking all our product lines enjoyed a good year, and our company again established a new sales record. Sales were 20 per cent higher than in fiscal '51 as increased capacity for many of our products came into operation.

Net earnings continued to show the squeezing effect of extremely heavy taxes and gradually rising costs of labor and materials — a situation with which we apparently shall have to cope until there is some change for the better in the national and international situations.



Part of hydrocarbon facilities, Texas Division



Industrial Chemicals

Industrial chemicals, as will be noted in the chart, again accounted for more than half of our total sales volume. What was said of sales generally could well be said of this group, for it is here that we have our greatest diversification and also the greatest number of our old line bread-and-butter products. Numerous old products continue to broaden their markets, and we are consistently adding new products which find firm places in industry and thereby further diversify and stabilize our position.

Plastics

Sales of plastics and related products rose substantially during the year, despite softness in some lines after December, and totaled more than \$103 million. Latex production was increased 30 per cent but still fell short of demand as more of the paint industry converted to latex paints. Several expansions were undertaken, as indicated in other sections of the report, and we have introduced several new products and semi-fabricated forms which are expected to further boost sales. Arrangements have recently been made to market our saran film in the form of household rolls, and initial market reaction has thus far been satisfactory.

Magnesium

Spurred by the defense program and steadily increasing civilian uses, magnesium sales rose sharply. Total value of magnesium ingot and

products sold amounted to \$45 million as against \$27 million for the preceding year. Most encouraging for the long range, both to us and the magnesium industry as a whole, was a definite trend this year toward use of magnesium for automotive parts. Relatively recent developments in die casting and finishing have been largely responsible for making such use economic and attractive, and one auto manufacturer is currently using some 20 different magnesium parts totaling at least 15 pounds per car.

Agricultural Chemicals

This group, with a few exceptions, had a good year. The sale of soil fumigants and weed killers continued to rise substantially, and the use of anhydrous ammonia as a fertilizer is developing into a large business, particularly in the South and Southwest. Agriculture, in recent years, has been undergoing vast changes, and our company has both contributed to and profited by its modernization in considerable measure.

Fine Chemicals

Nothing of particular significance developed during the year in this line, which includes pharmaceuticals and intermediate materials used in the manufacture of drugs, perfumes and flavorings. Sales held about even, but we are continuing active research and development to maintain and improve our position in this rapidly changing field.

Divisions

Midland

The Midland division operated at capacity during the first half of our year. A number of new facilities were added, notably in the plastics department for the production of Styron and saran. Among construction projects currently in progress are plants for the manufacture of a new plastic material, vinyltoluene, as well as a new plastic for Dow, polyvinyl chloride. Additions to Midland's power facilities are also being made, and a large organic research laboratory is under construction.

Texas

Approximately half of our total capital expenditures for the year went into facilities at our Texas division. Capacity for ethylene oxide and ethylene glycol was doubled, and very substantial increases were also completed for chlorine, vinyl chloride, magnesium metal and electric power. The government-owned magnesium facilities at our Velasco site are being operated by us at full capacity under a lease arrangement. Many additional production facilities, as well as a centralized research laboratory, are currently under construction. Operating personnel increased during the year by about 25 per cent to more than 5,600. The Marine Chemist, our leased tanker,

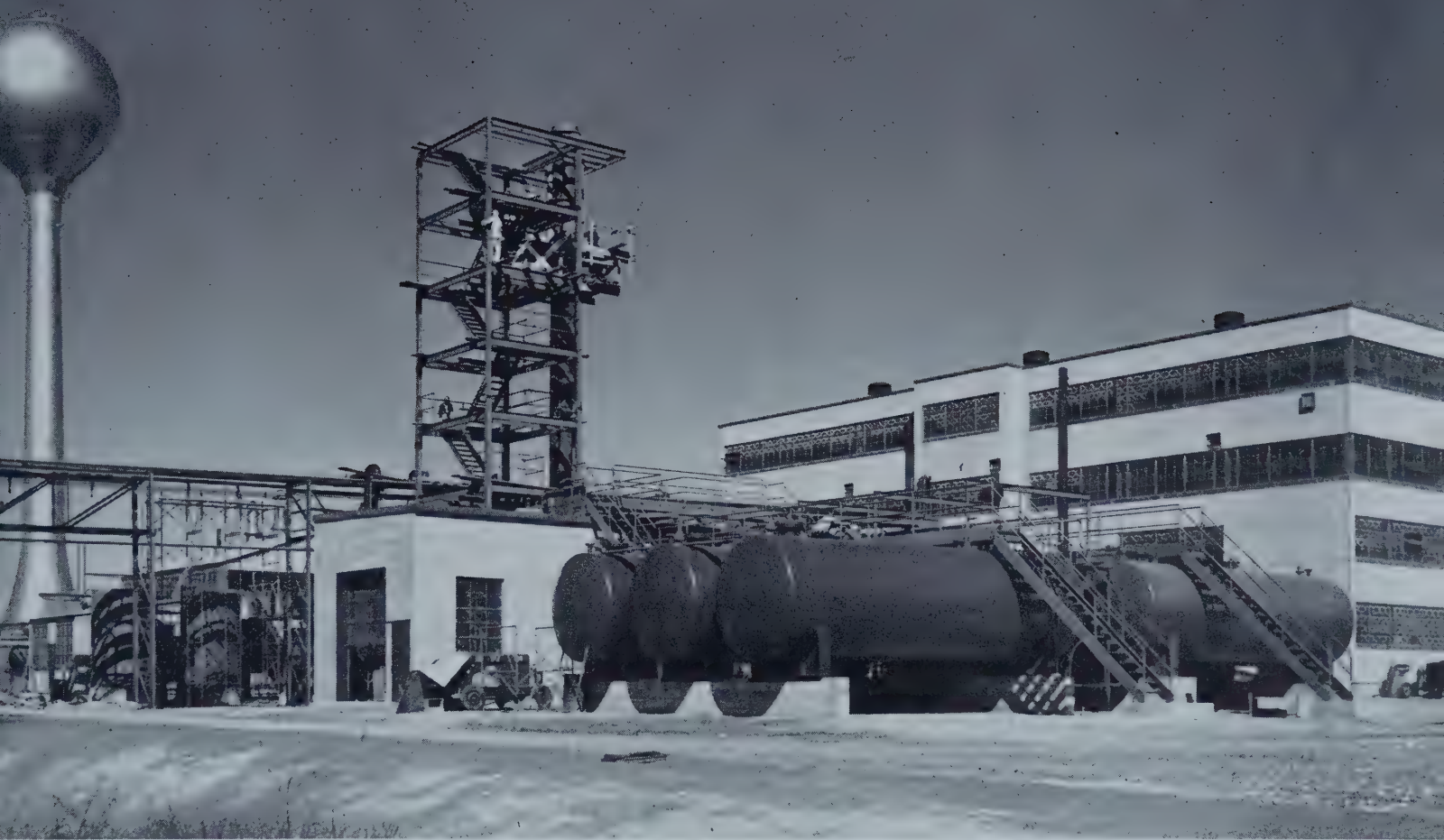
carries Texas products to eastern markets, and operations are so successful that arrangements have been made for the lease of another tanker which will be ready for service in about a year.

Western

Capacity for chlorine and caustic soda production at our Western division was substantially increased, and methylene chloride capacity was almost tripled, the latter getting into production just before the close of the fiscal year. Methionine production ran at increased capacity.



*Fractionating columns,
Texas Division*



Workmen put finishing touches on the new Styron plant at Allyn's Point, Connecticut

Allyn's Point

A new Styron plant at Allyn's Point, Connecticut was essentially complete at the close of the fiscal year and is currently getting into production of molding powders and granules for the Eastern plastics industry. Styrene monomer is shipped directly from our Texas division to Allyn's Point in our tanker.

Bay City

The Bay City magnesium foundry and fabrication department operated at a considerably accelerated level, their sales volume increas-

ing about 65 per cent over the previous year. Chief production of these departments has gone into military aircraft castings and forged parts and assemblies for aircraft and electronic equipment. Our saran fabrication department, located at the same site, has enjoyed increased business, and further expansion is planned.

Ludington

The Ludington division operated at the highest level in our history, total value of product approximately doubling over the previous year. A substantial portion of this increase has re-

sulted from a contract through which Ludington supplies the entire cell feed requirements for a government-owned magnesium plant at Painesville, Ohio. Construction at Ludington was quite largely concerned with the same project, entailing improvements to equipment and additional power facilities.

Madison

The Madison wrought products plant is being designed to replace, modernize and expand the magnesium alloying, extruding and rolling operations now being carried on in Midland. Total investment by the time presently authorized work is complete will run about \$35 million. The plant will be ready for substan-

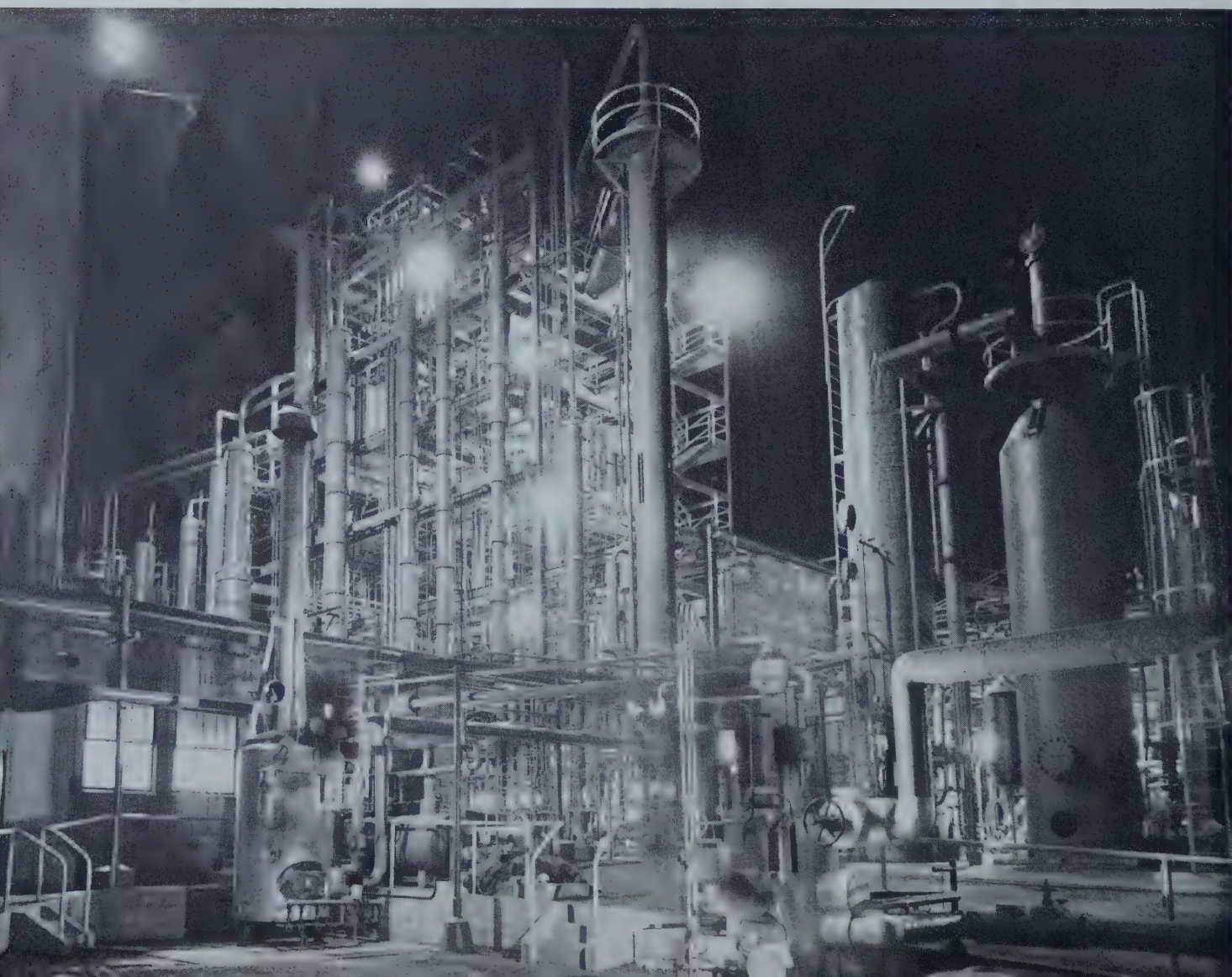
tial operations late in 1953. The pressing need for aircraft sheet has been such, however, that one 66-inch mill, which was immediately available, has been installed at government expense and is in operation. As new equipment is installed in Madison it is planned that our Midland magnesium operations will gradually be closed down and the equipment transferred to Madison.

Rocky Flats

A number of Dow technical personnel have been transferred to Rocky Flats, Colorado, where they are assisting with the engineering and construction of a plant which is being built by the government and will be operated by Dow for the Atomic Energy Commission.

10

Night view of chlorination facilities, Western Division



Subsidiary Companies

Brazos Oil and Gas Company

This wholly-owned subsidiary continued active exploration and development of oil and gas resources for our Texas, Western, and Midland divisions. At year end its properties included 105 producing gas wells and 54 producing oil wells, largely in Texas and California. Some of these wells were partially owned by other parties.

Cliffs Dow Chemical Company

This subsidiary, in which we own a two-thirds interest, manufactures products from the distillation of hardwood at Marquette, Michigan. Cliffs Dow presents no great growth possibilities but continues to earn a modest income.

Dow Chemical of Canada, Limited

Sales of this wholly-owned subsidiary increased 17 per cent over the previous year. A new ammonia plant was completed, getting into operation in February, and expansions were made for the production of chlorine and Styron. Ethylene and styrene monomer plants

are being constructed. An adjacent site of 135 acres was acquired during the year to provide for future growth.

Dow Chemical Inter-American Limited and Dow Chemical International Limited

These two new wholly-owned subsidiaries were formed during the year to handle Dow sales and other activities in foreign markets. Their formation is for the purpose of strengthening our position in these markets, and in addition they offer substantial tax advantages which have been established by our government to encourage foreign trade. Dow International has already formed an associated company with The Asahi Chemical Industry Company, Limited, a large Japanese chemical and textile company, for the production of saran in Japan.

Dowell Incorporated

Dowell, which is wholly Dow-owned, enjoyed a year of very healthy growth. It added a new service for increasing oil production from sand wells, whereas Dowell's traditional acidizing method has been limited almost entirely

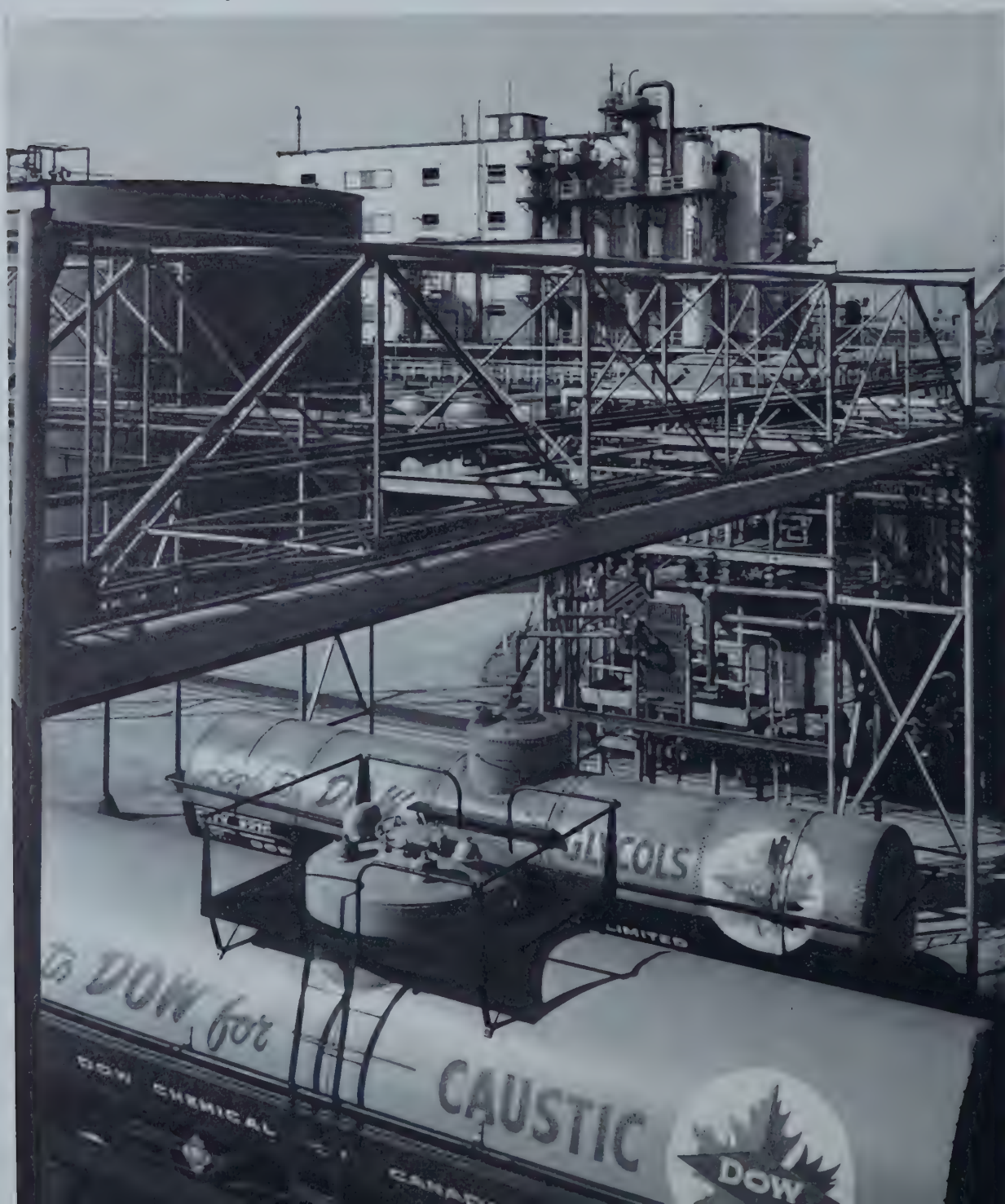
to lime wells. Since there are about four times as many sand wells as lime wells, the new development indicates a most interesting potential. Dowell has sold its interest in International Cementers, Inc., which served the oil industry in the Rocky Mountain and Pacific Coast areas, and is now beginning to operate directly in these regions.

Midland Ammonia Company

This 75 per cent Dow-owned company continued the profitable production of synthetic ammonia utilizing the hydrogen generated in our Midland chlorine cells. Its facilities have been expanded somewhat and its potential is limited chiefly by the amount of hydrogen available.

12

Colorful tank cars at the glycol plant of Dow's Canadian subsidiary



Associated Companies

Dow Corning Corporation

Soon to observe its tenth anniversary, Dow Corning has established an enviable record since its formation by Dow and Corning Glass Works. Starting with the production of two silicone products, its plant at Midland has been doubled, redoubled and doubled again in supplying both domestic and foreign demand for its ever-growing list of silicone materials. The past fiscal year found it producing more than 100 products and launching a \$13 million expansion — by far the largest in its history.

Ethyl-Dow Chemical Company

This company, which is owned jointly with Ethyl Corporation, has been for many years a steady income producer. It has been operating at capacity and will shortly realize a 25 per

cent increase in capacity as the result of construction now nearing completion. Ethyl-Dow manufactures ethylene dibromide at Freeport, Texas, for use by Ethyl Corporation in the production of anti-knock gasoline fluids, and its potential remains excellent.

The Saran Yarns Company

Saran Yarns, which is owned jointly with The National Plastic Products Company, has been developing the manufacture of saran fine fibre and its application to commercial uses. As the operation has gradually moved from the developmental to the commercial stage some expansion was undertaken, and the company showed a profit for the first time this last year. Largest commercial market thus far has been in specialty items. However, after several years of development, carpets utilizing a mixture of wool and saran have just recently been placed on the market.





Veteran sentinel and landmark of Texas Division's Freeport plant is the water tower which looks down here over the bulbous shape of a "multisphere" (left background), newest in the modern mode of storage vessels.

EKTACHROME BY TORKEL KORLING



Safety records continued good. Midland Division Machine Shop employees attained 2,000,000 man hours without a lost time accident

Personnel

As our operations expanded during the year personnel of the company and its subsidiaries increased by nearly 2,500. The year was generally excellent from the standpoint of operating efficiency, safety and amicable relations with our employees and their various union organizations.

An offering of common shares was again made to employees of all Dow organizations and associated companies, concurrently with an offering to common stockholders, and it is most interesting to note that Dow employees oversubscribed the approximately 45,000 shares available to them. Forty-five per cent of our employees subscribed for stock. After four years' experience with such programs we are more than ever convinced that employee stock ownership is conducive to sound employee relations.

Research

Our aggressive research program continued with emphasis, as usual, on improvement of existing products and processes and the development of long-range projects particularly suited to Dow. We have also cooperated with the Detroit Edison Company and the Atomic Energy Commission in preliminary surveys into the possibilities of developing industrial power from atomic energy.

Financing

During the year we borrowed \$90,000,000 from two insurance companies on unsecured notes at an interest rate of 3.25 per cent and with final maturities on July 1, 1977.

The full amount of \$50,000,000 had been borrowed at year end under our bank credit agreement which may be funded next year into five-year term loans.

In July 1952 we sold to a group of underwriters \$100,000,000 thirty year 3 per cent subordinate debentures convertible into common stock at the option of the holders.

Renegotiation

Under federal law certain government contracts and sub-contracts are subject to renegotiation. A portion of our sales for the year may be subject to renegotiation but the amount has not yet been determined. We believe that the results of renegotiation will not materially affect our financial statements.

Dow Shareholders

The broader ownership of Dow stock was evidenced by the addition of more than 6,000 stockholders during the year. The number of shares of Common Stock outstanding increased from 6,530,516 to 6,961,203. This increase of 430,687 shares resulted from the following:

Conversion of 33,277 shares 2nd Preferred Stock . . .	75,958
Stock dividend, 2½ per cent	165,482
Sale to stockholders . . .	131,686
Sale to employees . . .	57,561

Voluntary conversion of Second Preferred Stock during the past four years had reduced the 400,000 shares originally issued to 8,892 at May 31, 1952. These shares were subsequently converted into common stock.

Common Shareholders Listed By Types

GROUP	Number of Stockholders	%	Number of Shares	%
Women	8,610	30.0	1,957,547	28.1
Men	10,699	37.3	1,735,155	24.9
Joint Accounts	5,957	20.8	244,412	3.5
Insurance Companies	111	0.4	214,214	3.1
Brokers, Nominees, Investment Trusts, Etc.	1,199	4.1	1,906,591	27.4
Trustees and Executors	1,841	6.4	606,142	8.7
Churches, Colleges, Hospitals and Foundations	286	1.0	297,142	4.3
Total	28,703	100.0	6,961,203	100.0



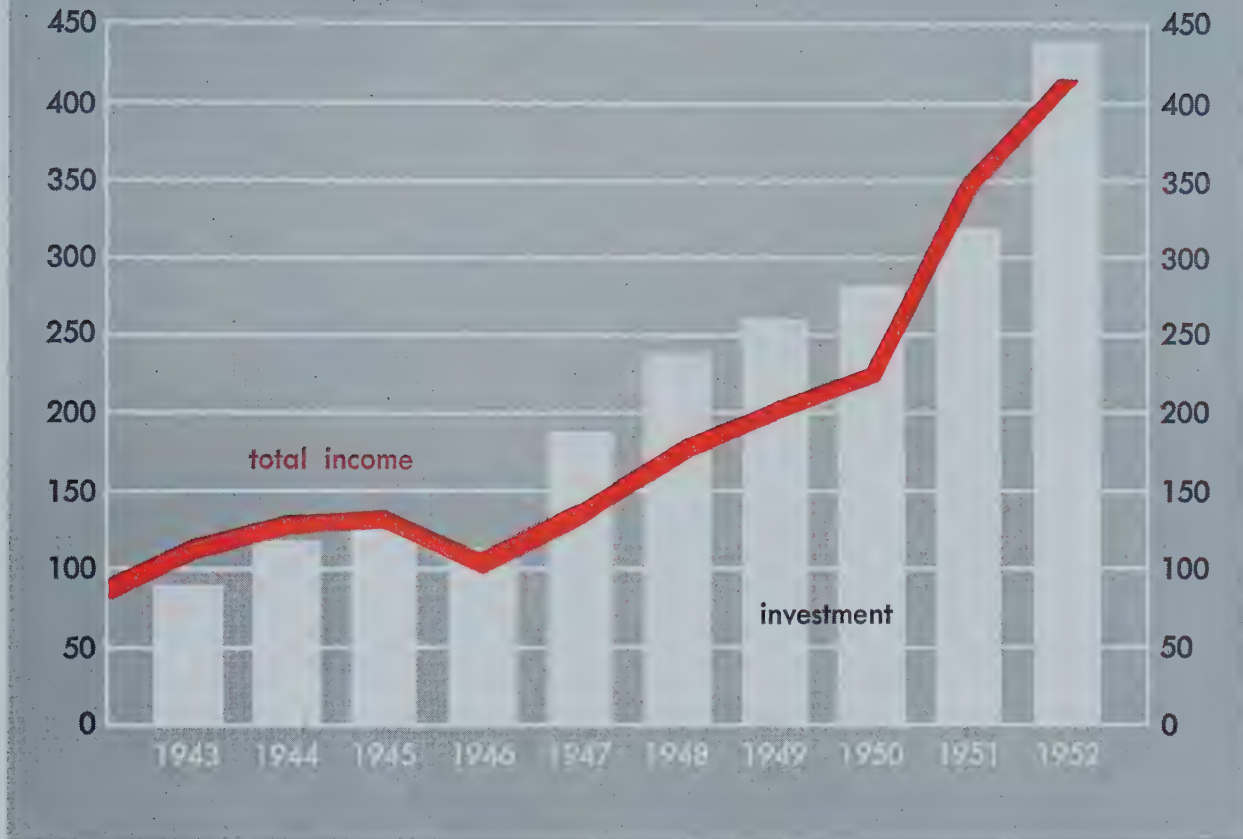


The provision for United States and Canadian taxes on income for the current year amounted to \$73,700,000. Such taxes average 67 per cent of the consolidated income before taxes

and are equivalent to \$10.59 per share of common stock. More than half of our income, however, is taxed by the Federal government at a rate of 82 per cent.

INCOME AND INVESTMENT

millions of dollars



Expenditures for property and plant additions this past year totaled approximately \$145,000,000 and the present estimate of such additions during the current fiscal year is \$100,000,000.

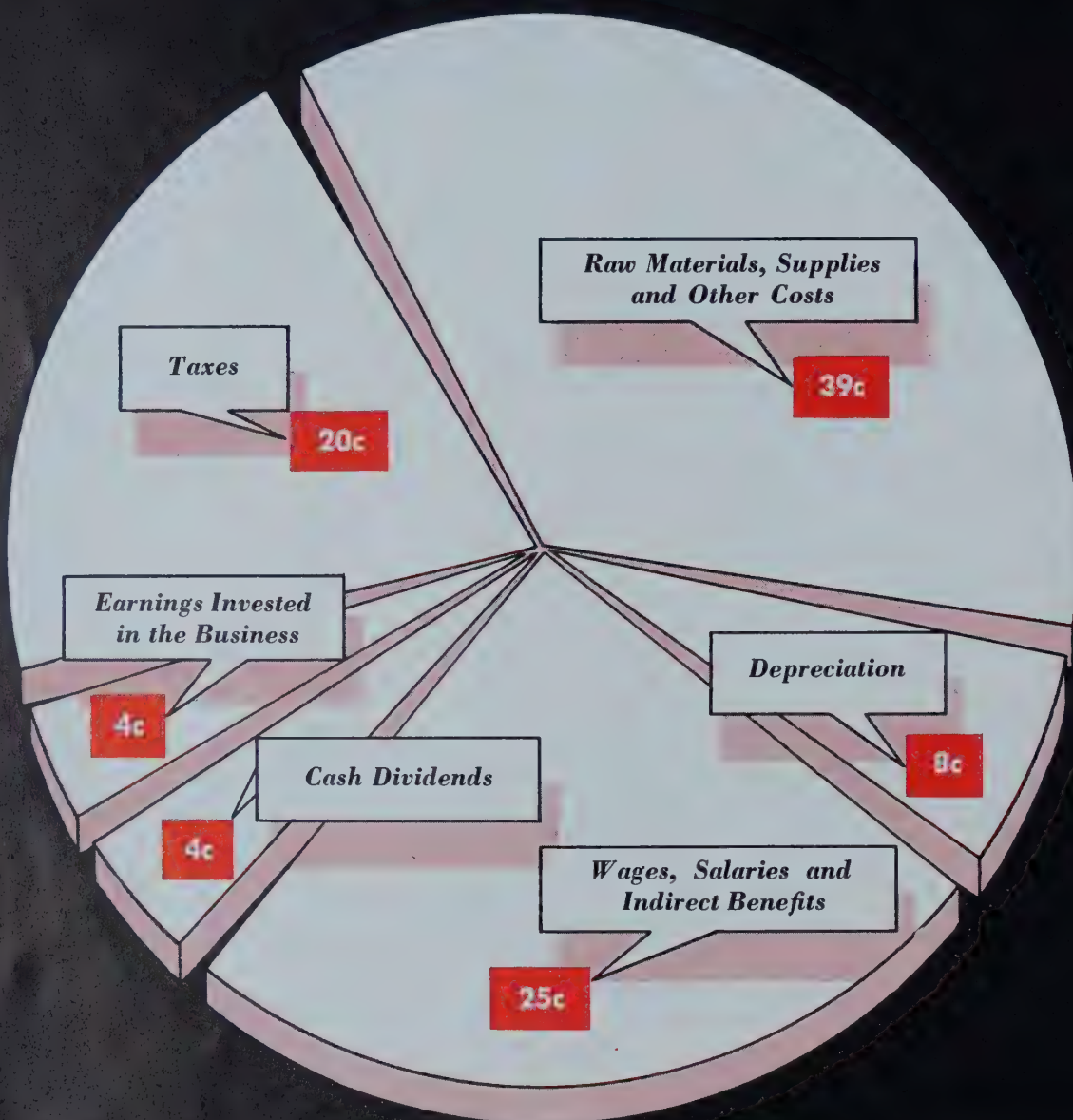
The provision for depreciation, amortization, and depletion of property amounted to \$32,800,000 for the year ended May 31, 1952. The provision for rapid amortization of the cost of facilities acquired under Government certificates of necessity, as included in this amount, was approximately \$3,700,000

in excess of the estimated normal depreciation of such facilities at regular rates.

Our expenditures for plant and property additions for the past six years are as follows:

1947	. . . . .	\$ 84,000,000
1948	. . . . .	49,000,000
1949	. . . . .	43,000,000
1950	. . . . .	29,000,000
1951	. . . . .	91,000,000
1952	. . . . .	145,000,000

Distribution of Dow's Income Dollar



Dow received in 1952—

	Millions	%
From sale of products and other income	\$414	100%

These receipts went—

To suppliers for raw material, supplies and other costs	160	39
To employees for wages, salaries and indirect benefits	104	25
To governments for Federal, state and local taxes . .	81	20
To provide for depreciation of plants and equipment	33	8
To Dow stockholders	18	4
For investment in the business to provide plants and working capital	18	4

Independent Auditors' Report

HASKINS & SELLS

CERTIFIED PUBLIC ACCOUNTANTS

RESIDENT PARTNERS

HAROLD W. SCOTT, C.P.A.

WILLIAM F. ROYER, C.P.A.

THE NATIONAL BANK BUILDING

DETROIT 26

THE DOW CHEMICAL COMPANY:

We have examined the consolidated balance sheet of The Dow Chemical Company and its subsidiary companies as of May 31, 1952 and the related statements of consolidated earnings and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated earnings and surplus present fairly the financial position of the companies at May 31, 1952 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

HASKINS & SELLS

July 23, 1952

BALANCE SHEET

THE DOW CHEMICAL COMPANY AND

ASSETS		
	1952	1951
CURRENT ASSETS:		
Cash	\$ 99,359,400	\$ 23,955,743
United States and Canadian Government securities—at cost	\$ 13,258,079	\$ 23,668,075
Notes and accounts receivable:		
Customers	\$ 41,352,545	\$ 40,584,654
Associated companies	736,728	480,714
Employees	236,895	182,707
Sundry	3,135,564	3,122,893
Total	\$ 45,461,732	\$ 44,370,968
Less allowance for doubtful receivables	1,878,693	1,631,571
Net receivables	\$ 43,583,039	\$ 42,739,397
Inventories:		
Finished goods and work in process (at lower of cost or market)	\$ 41,149,677	\$ 22,438,274
Materials and supplies (at cost—approximately market):		
Raw materials	13,269,531	7,858,284
Supplies	18,597,690	16,782,816
Material and supplies in transit	3,637,629	1,734,396
Total inventories	\$ 76,654,527	\$ 48,813,770
Total current assets	\$232,855,045	\$139,176,985
INVESTMENTS AND NON-CURRENT RECEIVABLES:		
Notes receivable and capital stock (at cost) of associated companies (at May 31, 1952, approximately \$4,200,000 less than the equity in net assets as shown by unaudited balance sheets of companies)	\$ 6,015,000	\$ 2,415,000
Non-current notes and accounts receivable (including employees' receivables, 1952, \$225,337; 1951, \$158,756)	781,009	865,474
Receivable and investment (arising from sales) in blocked foreign currency (less reserve, 1952, \$2,902,883; 1951, \$1,847,119)	2,548,773	1,379,341
Sundry securities (at cost)	179,837	703,165
Total investments and non-current receivables	\$ 9,524,619	\$ 5,362,980
PROPERTY:		
Plant properties—at cost (Note B):		
Land	\$ 4,912,406	\$ 3,685,938
Depreciable property (less accumulated depreciation and amortization, 1952, \$126,853,908; 1951, \$103,086,392)	373,699,694	265,100,499
Gas and oil leaseholds—at cost (less accumulated depletion, 1952, \$1,500,941; 1951, \$874,575)	10,248,954	10,400,596
Housing properties—at cost (less accumulated depreciation, 1952, \$228,915; 1951, \$196,388)	928,920	1,157,019
Total property	\$389,789,974	\$280,344,052
PATENTS —At cost or nominal value (less accumulated amortization, 1952, \$236,969; 1951, \$169,764)	\$ 516,488	\$ 256,430
DEFERRED CHARGES —Unexpired insurance premiums, unamortized discount and expense on funded debt, and sundry	\$ 1,923,356	\$ 2,040,392
TOTAL	\$634,609,482	\$427,180,839

See notes to financial statements on pages 24 and 25.

May 31, 1952 and 1951

SUBSIDIARY COMPANIES CONSOLIDATED

LIABILITIES

	1952	1951
CURRENT LIABILITIES:		
Notes payable—Banks (Note E)	\$ 50,000,000	
Accounts payable—Trade and sundry	24,826,470	\$ 26,712,567
United States and Canadian taxes on income (Note A)	98,846,824	67,144,925
Dividends payable	4,484,712	4,254,199
Instalments on long-term indebtedness due within one year	1,618,800	168,275
Liability to employees for payments on subscriptions to Common Stock (Note C)	1,081,954	833,548
Accrued liabilities:		
Payrolls	2,780,426	2,197,230
Vacations	1,950,964	1,552,591
Contributions under pension and profit-sharing plans	2,407,818	2,069,391
Taxes—Social security, property, state income and franchise, and sundry ..	3,890,314	3,144,108
Interest	1,066,977	471,805
Sundry	470,850	397,821
Total current liabilities	<u>\$193,426,109</u>	<u>\$108,946,460</u>
LONG-TERM INDEBTEDNESS (portion due within one year included in current liabilities):		
Fifteen year 2.35% debentures due November 1, 1961 (sinking fund deposits to redeem \$1,000,000 principal amount due annually)	\$ 26,000,000	\$ 27,000,000
Promissory notes, 2.7%, due January 1, 1972 (note prepayments due annually)	34,500,000	35,000,000
Promissory notes, 3.25%, due July 1, 1977 (note prepayments due annually beginning July 1, 1958)	90,000,000	
Contracts and notes payable for purchase of interest in gas and oil fields	273,300	392,100
Total long-term indebtedness	<u>\$150,773,300</u>	<u>\$ 62,392,100</u>
RESERVES FOR FIRE AND ACCIDENT LOSSES, DAMAGE CLAIMS, AND SUNDRY	<u>\$ 151,661</u>	<u>\$ 804,492</u>
MINORITY INTERESTS IN SUBSIDIARY COMPANIES	<u>\$ 1,082,965</u>	<u>\$ 1,049,082</u>
STOCKHOLDERS' INTEREST:		
Capital Stock (Note F):		
Cumulative Preferred Stock, Series A (authorized, 600,000 shares without par value; outstanding, 303,869 shares)—cumulative annual dividend \$4 per share	\$ 30,386,900	\$ 30,386,900
Second Preferred Stock (convertible) (authorized, 45,090 shares without par value; outstanding, 1952, 8,892 shares) cumulative annual dividend \$3.25 per share	889,200	4,216,900
Common Stock (authorized, 12,000,000 shares of \$15 par value each; outstanding, 1952, 6,961,203 shares, including scrip for fractional shares aggregating 5,172 shares; reserved for sale to employees and for conversion, 1952, 43,909 shares)	104,418,044	97,957,742
Total capital stock	<u>\$135,694,144</u>	<u>\$132,561,542</u>
Surplus:		
Capital surplus	\$ 86,957,689	\$ 56,653,398
Earned surplus	66,517,614	64,773,765
Total surplus	<u>\$153,475,303</u>	<u>\$121,427,163</u>
Total stockholders' interest	<u>\$289,169,447</u>	<u>\$253,988,705</u>
TOTAL	<u><u>\$634,609,482</u></u>	<u><u>\$427,180,839</u></u>

See notes to financial statements on pages 24 and 25.

STATEMENT OF EARNINGS

THE DOW CHEMICAL COMPANY AND SUBSIDIARY COMPANIES, CONSOLIDATED

For the years ended May 31, 1952 and 1951

	1952	1951
SALES AND OTHER REVENUE:		
Net sales	\$407,158,799	\$339,588,268
Dividends received from an associated company	1,000,000	600,000
Interest income	376,814	1,236,737
Fees received in connection with operation of Government-owned plants ..	1,224,908	718,597
Other income	4,657,842	3,159,217
Total	<u>\$414,418,363</u>	<u>\$345,302,819</u>
COSTS AND OTHER CHARGES:		
Cost of sales*	\$237,012,085	\$187,135,786
Provision for depreciation, amortization, and depletion	32,832,298	22,402,759
Contributions under pension and profit-sharing plans	3,713,320	3,199,918
Selling and administrative expenses*	26,707,222	19,371,346
Interest and amortization of discount and expense on funded debt	2,697,877	1,607,800
Other income charges	1,826,836	1,891,844
Minority interests in income of subsidiary companies	110,715	158,622
Provision for United States and Canadian taxes on income (United States excess profits tax, 1952, \$17,000,000; 1951, \$17,200,000)	73,700,000	69,000,000
Total	<u>\$378,600,353</u>	<u>\$304,768,075</u>
EARNINGS FOR THE YEAR (Note A)	<u><u>\$ 35,818,010</u></u>	<u><u>\$ 40,534,744</u></u>

*Exclusive of items shown separately.

See notes to financial statements below.

Notes To Financial Statements

A The accrued liability and the provision for United States taxes on income for the year ended May 31, 1951, as stated in the accompanying financial statements, are each \$800,000 in excess of amounts stated in last year's report to stockholders, with a corresponding decrease in net income for the year and earned surplus at the end of the year. These adjustments result from a recomputation of such taxes under the increased rates provided, with retroactive effect, by the Revenue Act of 1951 approved on October 20, 1951. These adjustments were reflected in financial statements previously published by the Company subsequent to the issuance of last year's report.

B At May 31, 1952 the companies had acquired completed facilities under Government certificates of necessity, and the portion of the cost of such facilities which had been certified and was being amortized over a five-year period under current provisions of the Internal Revenue Code amounted to approximately \$57,000,000.

The companies have obtained or have made application for certificates covering substantial amounts of additional facilities.

C In January 1952, the Company made an offering of Common Stock to its employees and employees of its subsidiary and associated companies at a price of \$82.50 a share, with the option of payment on an instalment basis. At May 31, 1952 there were unfilled subscriptions under the offer for 23,230 shares. These subscriptions, which may be canceled at any time at the option of the employee, have not been recorded in the Company's books and are not reflected in these financial statements. However, partial payments on the subscriptions, aggregating \$1,081,954, are included in current liabilities in the consolidated balance sheet at May 31, 1952.

D Certain operations of the Company are subject to Government renegotiation of contracts and sub-contracts for the purpose of limiting profits. Renegotiation proceedings for the years ended May 31, 1949 and 1950 have been concluded without refund

STATEMENTS OF SURPLUS

THE DOW CHEMICAL COMPANY AND SUBSIDIARY COMPANIES, CONSOLIDATED

For the years ended May 31, 1952 and 1951

CAPITAL SURPLUS

	1952	1951
BALANCE AT BEGINNING OF THE YEAR	\$ 56,653,398	\$ 32,485,122
Additions:		
Excess of market value at dates of delivery over par value of Common Stock sold to employees	5,161,213	3,273,625
Excess of approximate market value over par value of Common Stock issued as a stock dividend	14,065,951	7,808,586
Excess of conversion price over par value of Common Stock issued on conversion of Second Preferred Stock	2,188,322	7,857,715
Excess of sales price over par value of Common Stock sold to holders of Common Stock	8,888,805	5,228,350
BALANCE AT END OF THE YEAR	<u>\$ 86,957,689</u>	<u>\$ 56,653,398</u>

EARNED SURPLUS

BALANCE AT BEGINNING OF THE YEAR	\$ 64,773,765	\$ 50,990,014
Addition—Earnings for the year	35,818,019	40,534,744
Total	<u>\$100,591,775</u>	<u>\$ 91,524,758</u>
Deduction—Dividends:		
Cash:		
Cumulative Preferred Stock, Series A, \$4.00 a share	\$ 1,215,476	\$ 1,215,476
Second Preferred Stock, \$3.25 a share	52,156	174,818
Common Stock, \$2.40 a share	16,258,351	15,232,730
Common Stock (at approximate market value—1952, 165,482 shares at \$100.00 per share; 1951, 154,625 shares at \$65.50 per share)	16,548,178	10,127,969
Total	<u>\$ 34,074,161</u>	<u>\$ 26,750,993</u>
BALANCE AT END OF THE YEAR (Note A)	<u>\$ 66,517,614</u>	<u>\$ 64,773,765</u>

See notes to financial statements below.

Renegotiation proceedings for the years ended May 31, 1951 and 1952 have not been concluded and the amount of renegotiable business for the year ended May 31, 1952 has not been determined by the Company. However, it is the opinion of officials of the Company that no material amounts of refundable profits have been realized during those years.

The terms of an agreement between the Company and certain banks, under which the Company has borrowed \$50,000,000, provide, among other things, that the Company shall maintain consolidated current assets at least \$30,000,000 in excess of consolidated current liabilities, exclusive of amounts owing on the notes payable to banks. The amount by which the consolidated current assets exceeded the consolidated current liabilities, at May 31, 1952, as defined in the agreement, was \$89,428,936.

During July 1952, subsequent to the date of the accompanying balance sheet, the Company sold an issue of 3% Convertible Subordinate Debentures in the principal amount of \$100,000,000. The

debentures, which are dated July 1, 1952 and mature July 1, 1982, are convertible into Common Stock.

F As of July 1, 1952 all of the Second Preferred Stock of the Company outstanding at May 31, 1952 had been converted into Common Stock at a conversion price of \$43 a share of Common Stock.

On June 3, 1952 the Company's Board of Directors proposed a change in the authorized Common Stock from the presently authorized 12,000,000 shares of a par value of \$15 each to 50,000,000 shares of a par value of \$5 each and, in connection therewith, recommended a three for one split in the Common Stock. The proposal is subject to the approval of the holders of the Common Stock at the Annual Meeting to be held on August 27, 1952.

G In connection with a housing program for the benefit of employees in Texas, the Company has guaranteed the payment of loans by insurance companies to builders and real estate developers in the aggregate amount of approximately \$2,900,000.

Financial Condition

THE DOW CHEMICAL COMPANY AND SUBSIDIARY COMPANIES, CONSOLIDATED

FIGURES ARE AS OF MAY 31 OF EACH YEAR
AMOUNTS ARE EXPRESSED IN THOUSANDS OF DOLLARS

1952

CURRENT ASSETS:

Cash and marketable securities	\$ 112,617
Receivables (less reserves)	43,583
Inventories	76,655
Total current assets	<u>(A) \$232,855</u>

CURRENT LIABILITIES:

Bank loans	\$ 50,000
Long-term indebtedness—current instalments	1,619
Accounts payable and accruals	42,960
United States and Canadian taxes on income	98,847
Total current liabilities	<u>(B) \$193,426</u>

WORKING CAPITAL (A) MINUS (B)

Property (less depreciation and depletion)	\$ 39,429
Patents (less amortization)	389,790
Investments and Non-current Receivables	516
Deferred Charges	9,525
	1,923
INVESTMENT	<u>(C) \$441,183</u>

Long-term Indebtedness	\$150,773
Preferred Stock	31,276
Minority Interests	1,089
Reserves	152
Total	<u>(D) \$183,290</u>

COMMON STOCKHOLDERS' EQUITY (C) MINUS (D)	<u>\$257,893</u>
---	------------------

COMMON STOCKHOLDERS' EQUITY REPRESENTED BY:

Common stock	\$104,418
Capital surplus	86,958
Earnings reinvested in the business (exclusive of amounts transferred to capital stock and capital surplus accounts)	66,517
Total	<u>\$257,893</u>

\$ 47,624	\$ 43,340	\$ 16,702	\$ 22,782	\$ 10,839	\$ 21,178	\$ 40,391	\$ 31,004	\$ 8,898
42,739	30,085	24,532	23,599	16,322	12,772	12,090	13,126	12,296
48,814	33,949	43,173	36,773	32,715	19,281	16,229	16,642	14,717
<u>\$139,177</u>	<u>\$107,374</u>	<u>\$ 84,407</u>	<u>\$ 83,154</u>	<u>\$ 59,876</u>	<u>\$ 53,231</u>	<u>\$ 68,710</u>	<u>\$ 60,772</u>	<u>\$35,911</u>

\$ 168	\$ 50	\$ 1,737	\$ 285	\$ 18,633	\$ 15,590	\$ 750	\$ 750	\$ 1,900
41,634	24,724	17,728	17,505	8,146	3,527	14,810	11,505	750
67,145	19,178	15,305	11,274			6,104	8,981	10,413
<u>\$108,947</u>	<u>\$ 43,952</u>	<u>\$ 34,770</u>	<u>\$ 29,064</u>	<u>\$ 26,779</u>	<u>\$ 19,117</u>	<u>\$ 21,664</u>	<u>\$ 21,236</u>	<u>\$18,440</u>
								<u>\$31,503</u>

\$ 30,230	\$ 63,422	\$ 49,637	\$ 54,090	\$ 33,097	\$ 34,114	\$ 47,046	\$ 39,536	\$ 4,408
280,344	212,046	200,867	178,155	143,280	67,737	63,368	71,029	77,258
256	266	268	284	306	310	68	72	62
5,363	6,633	7,740	8,693	9,462	11,893	12,881	8,694	6,635
2,040	907	1,054	1,187	713	329	484	341	498
<u>\$318,233</u>	<u>\$283,274</u>	<u>\$259,566</u>	<u>\$242,409</u>	<u>\$186,858</u>	<u>\$114,383</u>	<u>\$123,847</u>	<u>\$119,672</u>	<u>\$88,861</u>

\$ 62,392	\$ 62,567	\$ 67,281	\$ 67,206	\$ 65,000	\$ 30,387	\$ 11,250	\$ 12,000	\$12,750
34,603	46,392	70,274	70,387	30,387	943	30,387	30,387	6,000
1,049	950	963	985	957	1,304	1,304	1,269	1,202
804	804	1,336	1,306	1,470	1,465	1,455	1,381	1,357
<u>\$ 98,848</u>	<u>\$110,713</u>	<u>\$139,854</u>	<u>\$139,884</u>	<u>\$ 97,814</u>	<u>\$ 32,795</u>	<u>\$ 44,396</u>	<u>\$ 45,037</u>	<u>\$21,309</u>
<u>\$219,385</u>	<u>\$172,561</u>	<u>\$119,712</u>	<u>\$102,525</u>	<u>\$ 89,044</u>	<u>\$ 81,588</u>	<u>\$ 79,451</u>	<u>\$ 74,635</u>	<u>\$67,552</u>

\$ 97,958	\$ 89,086	\$ 76,890	\$ 74,922	\$ 37,294	\$ 37,294	\$ 37,294	\$ 37,294	\$37,294
56,653	32,485	7,320	407	1,030	1,030	639	639	36
64,774	50,990	35,502	27,196	50,720	43,264	41,518	36,702	30,222
<u>\$219,385</u>	<u>\$172,561</u>	<u>\$119,712</u>	<u>\$102,525</u>	<u>\$ 89,044</u>	<u>\$ 81,588</u>	<u>\$ 79,451</u>	<u>\$ 74,635</u>	<u>\$67,552</u>

CONDENSED TEN YEAR STATEMENT OF

Earnings

THE DOW CHEMICAL COMPANY AND SUBSIDIARY COMPANIES, CONSOLIDATED

FIGURES ARE FOR YEARS ENDED MAY 31
AMOUNTS ARE EXPRESSED IN THOUSANDS OF DOLLARS

	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943
SALES AND OTHER REVENUE:										
Net sales	\$407,159	\$339,588	\$220,830	\$200,371	\$170,696	\$130,427	\$101,814	\$124,570	\$120,427	\$105,428
Dividends and interest from associated companies ..	1,000	600	1,054	1,037	575	427	317	795	1,059	955
Fees received in connection with the construction and operation of Government-owned plants	1,225	719	398	422	406	1,154	1,449	2,085	2,680	1,878
Other income	5,034	4,396	3,660	1,545	2,676	779	999	537	491	506
Total	\$414,418	\$345,303	\$225,942	\$203,375	\$174,353	\$132,787	\$104,579	\$127,967	\$124,657	\$108,767
COSTS AND OTHER CHARGES:										
Cost of sales	\$237,012	\$187,136	\$130,817	\$123,548	\$110,986	\$92,485	\$74,976	\$83,343	\$83,323	\$68,109
Provision for depreciation and depletion	32,832	22,403	20,300	18,707	14,178	8,595	11,520	17,423	13,771	9,860
Contributions under pension and profit-sharing plans ..	3,713	3,200	2,658	2,177	1,810	9,509	7,942	6,882	5,761	4,426
Selling and administrative expenses	26,707	19,371	15,995	13,576	10,687	758	220	266	276	283
Interest, discount, and expense on funded debt	2,698	1,608	1,679	1,674	1,673	337	2,178	90	994	91
Other income charges	1,827	1,892	1,102	2,480	1,375	165	96	60	82	174
Minority interests in income of subsidiary companies ..	111	158	78	103	132	165	96	60	82	174
Provision for United States and Canadian taxes on income	73,700	69,000	19,500	15,850	12,445	8,208	940	8,905	9,566	16,275
Total	\$378,600	\$304,768	\$192,129	\$178,115	\$153,286	\$120,057	\$97,872	\$116,969	\$113,773	\$99,218
EARNINGS FOR THE YEAR	\$ 35,818	\$ 40,535	\$ 33,813	\$ 25,260	\$ 21,067	\$ 12,730	\$ 6,707	\$ 11,018	\$ 10,884	\$ 9,549
Deductions:										
Cash dividends on preferred stock	\$ 1,268	\$ 1,390	\$ 2,120	\$ 2,514	\$ 2,461	\$ 1,215	\$ 1,215	\$ 1,519	\$ 658	\$ 300
Cash dividends on common stock	16,258	15,232	10,059	5,859	4,995	4,059	3,746	4,683	3,746	3,746
Other charges					129					
Total	\$ 17,526	\$ 16,622	\$ 12,179	\$ 8,373	\$ 7,585	\$ 5,274	\$ 4,961	\$ 6,202	\$ 4,404	\$ 4,046
EARNINGS REINVESTED IN THE BUSINESS	\$ 18,292	\$ 23,913	\$ 21,634	\$ 16,887	\$ 13,482	\$ 7,456	\$ 1,746	\$ 4,816	\$ 6,480	\$ 5,503

OTHER STATISTICS:

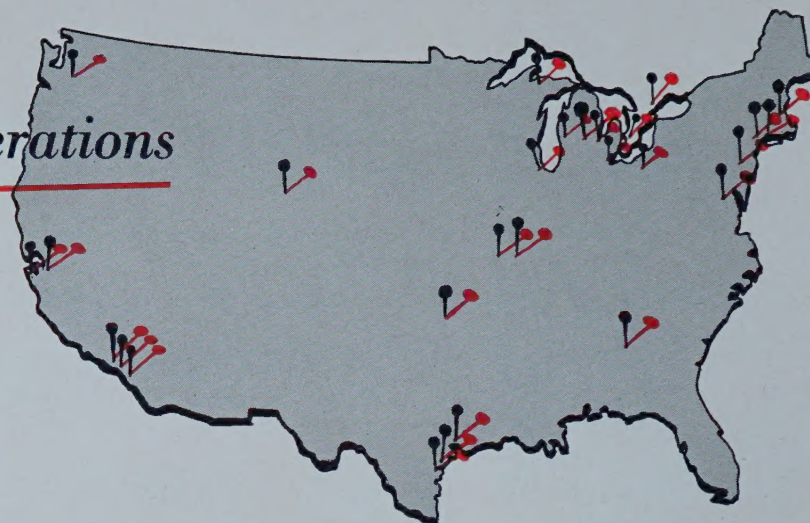
Earnings per share on common stock (in dollars) ...	\$ 4.96
Additions to property	145,000
Taxes (major)	81,473
Wages paid	95,194
Pension and profit-sharing contributions, employees group and compensation insurance, and social security taxes paid by companies	7,557
Accident prevention, first aid, welfare, and recreation ..	936

† Includes payments of retroactive partial-to-partial wages of approximately \$6,000,000 applicable to prior years.

NOTES: Dividends, on the basis of the dates on which they were declared, include five regular quarterly dividends for the year ended May 31, 1945. In computing the earnings per share on the common stock for that year, four quarterly preferred dividends were deducted.

Earnings per share on common stock have been recomputed to reflect earnings per share on the basis of the new common stock after the split of four shares for one in 1948.

Offices and Operations



EXECUTIVE AND GENERAL SALES OFFICES — Midland, Michigan

SALES OFFICES

ATLANTA 3, GEORGIA
161 Spring Street Building

BOSTON 16, MASSACHUSETTS
20 Providence Street

CHICAGO 3, ILLINOIS
135 South LaSalle Street

CLEVELAND 13, OHIO
Terminal Tower

DETROIT 2, MICHIGAN
932 Fisher Building

HOUSTON 2, TEXAS
2217 Commerce Building

LOS ANGELES 17, CALIFORNIA
900 Wilshire Boulevard

NEW YORK 20, NEW YORK
30 Rockefeller Plaza

PHILADELPHIA 2, PENNSYLVANIA
1400 South Penn Square

ST. LOUIS 8, MISSOURI
3615 Olive Street

SAN FRANCISCO 4, CALIFORNIA
350 Sansome Street

SEATTLE 1, WASHINGTON
1809 Seventh Avenue

MANUFACTURING OPERATIONS

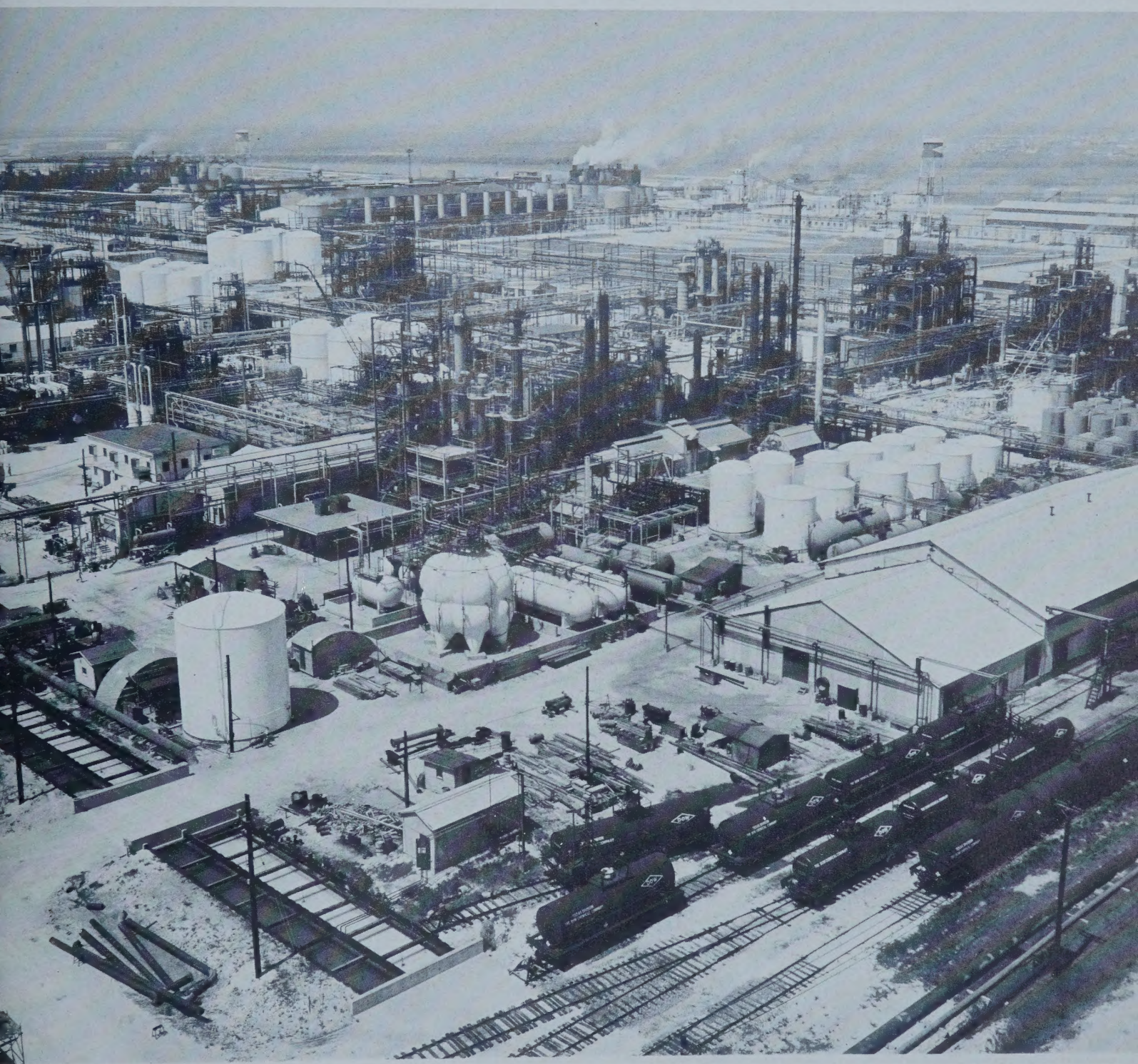
MIDLAND, MICHIGAN	PITTSBURG, CALIFORNIA
BAY CITY, MICHIGAN	SEAL BEACH, CALIFORNIA
LUDINGTON, MICHIGAN	GARDENA, CALIFORNIA
FREEPORT, TEXAS	MADISON, ILLINOIS
VELASCO, TEXAS	ROCKY FLATS, COLORADO
ALLYN'S POINT, CONNECTICUT	

SUBSIDIARY COMPANIES

BRAZOS OIL AND GAS COMPANY	Houston, Texas
CLIFFS DOW CHEMICAL COMPANY	Marquette, Michigan
DOW CHEMICAL OF CANADA, LIMITED	
General Office	Toronto, Ontario
Plant	Sarnia, Ontario
DOW CHEMICAL INTER-AMERICAN LIMITED	Midland, Michigan
DOW CHEMICAL INTERNATIONAL LIMITED	Midland, Michigan
DOW MAGNESIUM CORPORATION (INACTIVE)	Midland, Michigan
DOWELL INCORPORATED	Tulsa, Oklahoma
MIDLAND AMMONIA COMPANY	Midland, Michigan

ASSOCIATED COMPANIES

DOW CORNING CORPORATION	Midland, Michigan
ETHYL-DOW CHEMICAL COMPANY	Freeport, Texas
THE SARAN YARNS COMPANY	Odenton, Maryland



A portion of our Texas Division

